



ANNUAL REPORT

MICHIGAN BUREAU OF STATE LOTTERY

James E. Kipp

James E. Kipp, LOTTERY COMMISSIONER



Fiscal year 2001 proved to be another exciting one for the Michigan Lottery, boasting over \$1.61 billion in overall ticket sales!

In February, the Lottery introduced its new Michigan Millions game. Michigan Millions replaced the Lottery's Michigan Lotto game. On June 16, 2001, the Lottery saw its first Michigan Millions jackpot winner — an anonymous woman from Detroit who won a \$40 million jackpot. This jackpot set a new record for largest in-state Michigan Lottery jackpot won by a single ticket holder!

Two Michigan residents also won Big Game jackpot prizes this past fiscal year. On November 28, 2000, Eban Cooper of Redford Township won a \$43 million Big Game jackpot. Just two short months later — on January 30, 2001 — Linda Calliea of Chesterfield Township won a \$107 million Big Game jackpot prize. In addition to the big jackpot winners, there were many other prize winners as well. In total for FY 2001, the Lottery awarded over \$870 million in prizes to Lottery winners throughout the state.

The instant games remained a strong component of the Lottery's lineup this past year. The Lottery introduced 60 new instant games in FY 2001. The wide variety of choices for players led to over \$626 million in instant ticket sales.

While the Lottery is pleased to report on our winners and sales accomplishments over the past year, we are very proud of the over \$587 million transferred to the state School Aid Fund in FY 2001. Even though the Lottery's dollars are not the largest portion of the state's education funding, we are very proud of our continuing role in helping the state invest in the future of Michigan's children.

Our prize recipients and Michigan's children weren't the only winners in FY 2001. Players all across the state got a taste of Lottery luck, collecting over \$873 million in cash prizes and creating seven new Michigan Lottery multi-millionaires! Lottery retailers shared in over \$114 million in commissions. In addition to the regular retailer commissions, the Lottery also offered three different incentive programs to retailers in FY 2001.

As we enter our 30th year of operation, we have many accomplishments to look back on, but even more changes to look forward to in the future. In the next fiscal year we look forward to working with our over 9,100 retailers to bring even more money to the state School Aid Fund. In order to achieve this goal, we are committed to keeping our games fresh and entertaining for the players.



A handwritten signature in black ink that reads "John Engler".

John Engler, GOVERNOR

When Michigan's citizens voted by a 2-to-1 margin in 1972 to amend the state's constitution and create the Michigan Lottery, it was created with three goals in mind:

1

TO MAXIMIZE NET REVENUES TO SUPPLEMENT STATE EDUCATION PROGRAMS

Over the past 29 years, the Michigan Lottery has generated over \$10 billion in net funds for kindergarten through 12th grade public education in Michigan. The needs of Michigan's schoolchildren have changed dramatically since 1972, and the amount of money the Lottery transferred to the state School Aid Fund in FY 2001 is ten times as much as what was transferred in fiscal year 1974 (the Lottery's first full year of operation).

2

TO PROVIDE FUN AND ENTERTAINING GAMES OF CHANCE

Each and every day Lottery players are faced with many choices for which they can spend their entertainment dollar. That is why the Michigan Lottery is dedicated to maintaining a lineup of fun and exciting games that offer more ways to win and bigger prizes.

3

TO OPERATE ALL GAMES AND BUREAU FUNCTIONS WITH NOTHING LESS THAN TOTAL INTEGRITY

Integrity is very important to the Lottery and its staff members. All online game drawings are conducted under the close supervision of a Michigan Lottery drawing manager and an independent auditor. The Lottery drawing equipment is kept under tight security at all times and is tested before and after each drawing is conducted. Additionally, rigorous security measures are taken by Lottery officials during the printing of the Lottery's instant games. The instant game tickets are printed in an environment monitored by cameras, video equipment and security guards. During the printing of the instant tickets, a process is used that ensures a random scattering of winning tickets throughout a printing run. This ensures an equitable distribution of winning tickets across the state. The Michigan Lottery has enjoyed tremendous success over the last 29 years, made possible by the trust and loyalty of its players. Maintaining that public trust through game integrity remains a top priority for the Lottery.



When a player pays a dollar to buy a Lottery ticket, he or she is thinking about the great cash prize that may be awaiting them.

What they most likely do not think about is that for every dollar spent on Michigan Lottery tickets, an average of 35 to 38 cents per dollar goes to support public education in the state of Michigan. This past year the Lottery generated more than \$587 million in revenue for the state School Aid Fund. On average, that would be approximately \$11.2 million going into the state School Aid Fund every week, or \$1.6 million per day!

In FY 2001 Lottery profits were used exclusively for Michigan's public schools. The Michigan legislature amended the Lottery Act in 1981 to specifically " earmark" funds for education.

SINCE 1981, ALL LOTTERY REVENUE HAS BEEN TRANSFERRED SPECIFICALLY TO THE STATE SCHOOL AID FUND TO HELP SUPPORT K-12 PUBLIC EDUCATION IN MICHIGAN.

The state School Aid Fund is a constitutionally-protected, restricted fund, which means the money can only be used for education. The Governor's budget proposes, and the Michigan Legislature appropriates, the state School Aid Fund revenues to individual school districts through a foundation grant process, based upon the district's pupil count and several other factors. Each school district then determines how the money will be spent based upon need. Some of the needs that are covered by this money include instructional support, administrative costs, operations, maintenance and transportation. Within each of these categories there may be expenditures for salaries, benefits, supplies and purchased services.

Lottery revenues comprise roughly four percent of the total state and local spending for K-12 education. The other 96 percent of the money comes from federal funds, the state's sales and use tax, earmarked income tax, state education property tax, local property taxes, as well as cigarette, liquor and other taxes.





THE BIG GAME

Michigan Lottery players were introduced to The Big Game on August 31, 1996 when tickets for the multi-state game went on sale. The first drawing was conducted on September 6, 1996. Since the inception of The Big Game, Michigan has seen 10 jackpot winners, the largest of which was on May 9, 2000 at \$181.5 million! In The Big Game, players choose five numbers from a pool of 50 and a single number from a pool of 36. The jackpot prize is paid as an annuity over 26 years or, if the player chooses to take the "cash option," he or she will collect one lump-sum check for the present cash value of the prize for that drawing. The minimum jackpot prize is \$5 million and increases with each drawing until the prize is awarded. The Big Game offers nine different ways to win, with secondary prizes ranging from \$1 for matching the "Big Money Ball" only up to \$150,000 for matching the first five numbers drawn. Big Game drawings are held every Tuesday and Friday evening at 11 p.m. in Atlanta, Georgia. Seven different states — Michigan, Georgia, Illinois, Maryland, Massachusetts, New Jersey and Virginia — currently participate in The Big Game.



MICHIGAN MILLIONS

Michigan Millions tickets went on sale on February 25, 2001, with the inaugural drawing being held on February 28, 2001. In FY 2001, the Michigan Lottery awarded jackpot prizes to two separate lucky Michigan Millions winners. To play Michigan Millions, players select six numbers from a field of 51. During the drawing the Lottery draws six winning numbers and anyone matching those six numbers will win the jackpot prize for that drawing. The Lottery then draws a seventh number — the Wild Ball — from the remaining 45. Players matching five numbers and the Wild Ball will win an estimated \$20,000 prize. There are four other ways to win, with and without the Wild Ball. The top five prizes are pari-mutuel and, therefore, may vary from drawing to drawing. Michigan Millions drawings are conducted every Wednesday and Saturday evening at 7:28 p.m.

MICHIGAN ROLLDOWN

Michigan Rolldown is one of the Lottery's newest and most popular games. Sales for Michigan Rolldown (5/33) began on February 27, 2000, and the first drawing was held on February 28, 2000. The Michigan Rolldown game is unique because it offers pari-mutuel prizes for the match 5, match 4 and match 3 prize levels. The prize for matching two numbers is always \$1. If no one matches all five numbers in a drawing, the prize pool for that category "rolls down" to those players matching four numbers, giving them even bigger prizes! Drawings for Michigan Rolldown are conducted six evenings a week — Monday through Saturday — at 7:28 p.m.

DAILY 3 & 4 GAMES

The Daily 3 & 4 Games have proven to be tried and true products for the Michigan Lottery since their inception in the late 70s and early 80s. Players pick three (Daily 3) and four (Daily 4) numbers from 0 to 9 for a chance to win set prizes up to \$500 in the Daily 3 game and \$5,000 in the Daily 4 game. Play style options for both games include: straight, box, 2-way and wheel bets. Daily Game drawings are conducted six days a week — Monday through Saturday — at 12:59 p.m. (midday) and 7:28 p.m. (evening).

KENO

The Lottery's Keno game was introduced in 1990, offering a guaranteed top prize of \$250,000. To play Keno, players choose 10 numbers from a pool of 80. The Lottery then draws 22 numbers. If players match 10 of the 22 numbers drawn, they will win the \$250,000 top prize. The game offers five other ways to win, from \$2,500 for matching nine of 22 numbers to a free \$1 instant ticket to those players who match zero numbers!



INSTANT GAMES

Michigan Lottery instant games provide players with the opportunity to win great cash prizes from \$1 to \$1,000,000 instantly! In FY 2001 the Lottery introduced 60 new instant games statewide. Instant games are played by scratching off latex-covered play areas on the tickets. Michigan Lottery instant games offer many different play styles including matching identical symbols, adding numbers for a specific total or playing familiar game styles like bingo. If the correct combination appears, the player is an instant winner. Instant games are available in a variety of price points — from \$1 to \$10 — and cover a wide variety of themes, including money, sports, luck, card games, holidays, Michigan landmarks and casino games.



In addition to the great game lineup offered, throughout the year the Lottery offered several different special promotions attached to those games.



MICHIGAN ROLLDOWN "BONUS PLAY"

From January 15 through February 10, 2001, the Lottery offered the buy five, get one free "Bonus Play" promotion attached to the Michigan Rolldown game. It allowed Rolldown players who purchased a ticket with five wagers to get an extra "easy pick" free. Those players who purchased a 10-panel wager got two free "easy picks." The January/February promotion was such a success — with over 436,000 free wagers awarded — that the Lottery brought the very same promotion back from June 4 through June 30, 2001.

MICHIGAN MILLIONS "SUPER PLAY"

Stemming from the success of the two Michigan Rolldown "Bonus Play" promotions, the Lottery decided to run the same buy five, get one free promotion attached to the Michigan Millions game. This promotion was, instead, called "Super Play" and it ran from July 23 through September 1, 2001. This promotion was also a big success, awarding over 1.2 million free wagers over the course of the promotion.



Daily 3&4

DAILY 4 "FRONT PAIR PAYOUT"

The Daily 3 and 4 games are two of the longest running games the Lottery offers. In FY 2001 the Lottery offered two different promotions connected to the Daily 4 game. The first was the "Front Pair Payout" promotion. The promotion ran from April 2 through April 28, 2001 and it awarded players whose straight bet matched the first two numbers drawn a \$10 payout.

DAILY 4 "BACK PAIR PAYOUT"

Based upon the success of the "Front Pair Payout," the Lottery chose to run the very same promotion only using the back pair of numbers drawn in the Daily 4 game as the extra winning numbers. The "Back Pair Payout" promotion ran from September 3 through September 29, 2001 and it awarded players whose straight bet matched the last two numbers drawn a \$10 payout.



PROMOTIONS



Lucky Lottery players from all across Michigan won cash prizes this past year.

In total, over \$873 million were awarded in cash prizes to players in FY 2001. Many of those winners won top prizes in the Lottery's instant and online games. There were 166 Michigan Rolldown jackpot prizes; 78 Big Game \$150,000 prizes; three Keno \$250,000 top prizes; two Big Game jackpot prizes; three Michigan Lotto jackpot prizes and two Michigan Millions jackpot prizes awarded this past year. The following are just a few of the great winner stories from FY 2001.



\$57.7 Million Big Game Winners **LINDA AND TONY CALLIEA**

January 30, 2001 will always be a memorable day for Linda and Tony Calliea of Chesterfield Township. That is the day they matched all six numbers in the Michigan Lottery's Big Game to win a \$57.7 million jackpot prize! The announced jackpot for that night's drawing was \$107 million, but the Calliea's opted to collect their prize in one lump-sum payment of \$57,775,399. The lucky ticket was purchased at Mama's Pizzeria & Party Store in Chesterfield Township. "I didn't know what to think — I felt scared, excited, nervous, happy and shocked all at the same time," said Linda Calliea. "When I looked at my ticket I couldn't believe my eyes! I called my husband at work and told him to get home right away." Linda and Tony arrived by charter bus at Lottery headquarters in Lansing accompanied by more than 30 friends and family members!

\$1,039,242 Michigan Lotto *Jackpot Winner* **LARRY JOHNSON**

Larry Johnson of Detroit is now enjoying his retirement in style, thanks to the Michigan Lottery. The retired police officer matched all six numbers and was the sole winner of a \$1,039,242 Michigan Lotto jackpot on January 13, 2001. This jackpot win was the last Michigan Lotto jackpot awarded before the Michigan Millions game, which replaced Michigan Lotto, was introduced. "When I checked my ticket, I was elated," the winner said. "I had a feeling I would hit the Lottery one day!" The lucky ticket was purchased at Marathon Livernois in Detroit. Johnson told Lottery officials he planned to share his winnings with his children and grandchildren.



\$150,000 Big Game Winner
ELEANOR DeBANO

Eleanor DeBano of Shelby Township was just one of 78 lucky Lottery players who won \$150,000 Big Game prizes in FY 2001. The winner said she was shocked to discover she had matched the first five numbers in the June 8, 2001 Big Game drawing to win a \$150,000 prize. "When I realized I had matched the first five numbers I couldn't believe it," DeBano said. "I handed the ticket to my husband to have him double-check it for me. When he saw I had won \$150,000 he jokingly said, 'should I start packing my bags?' " The winner purchased the winning ticket at Future Enterprises Inc. in Mount Clemens. The lucky lady said she planned to use part of her winnings to pay bills and share the rest with her family.



\$200,000 Instant Game Winner
VERN KORTERING

Vern Kortering of Muskegon took home a mountain of cash upon scratching off a Michigan Lottery "Mount Cashmore" instant game ticket to reveal a \$200,000 top prize. The 66-year-old winner said he was surprised to win the game's top prize. "I stopped at the store to buy a newspaper and thought I would buy some lottery tickets as well," Kortering said. "I scratched off the ticket when I got home and knew right away that I had won the top prize. My wife and I were both excited to win!" The winner purchased the lucky ticket at Multani Mart in Muskegon. Kortering said he planned to share part of his winnings with his family, pay bills and invest the remainder.



\$250,000 Keno Winner
TRACY HAIRSTON

Tracy Hairston of Belleville has always dreamed of owning her own home and that dream became a reality, thanks to the Michigan Lottery! The lucky lady matched 10 of the Keno numbers drawn on June 22, 2001. "I was watching television and saw the winning numbers, so I checked my ticket right then," she said. "I circled each number that I had right and when I reached the last number a tear began to roll down my cheek because I knew I had won \$250,000. I called my sister right away and she was in total disbelief!" The 36-year-old winner bought the winning ticket at Falsetta's Market in Ann Arbor. In addition to buying a home, Hairston said she planned to use her winnings to pay bills and start a college fund for her son.



The Lottery's success is largely dependent upon the 9,100 licensed retailers throughout the state who promote and sell Lottery products on a daily basis.

Lottery retailers come in all sizes, including large grocery and convenience store chains, independent markets, gift shops and even restaurants. Each retailer's success in selling Lottery products is not based upon the size of their operation, but instead upon their willingness to ask for the sale and prominently display the Lottery's point-of-sale materials.

In FY 2001, Michigan Lottery retailers collected over \$114 million in commissions. Retailers receive six percent on the sale of all Michigan Lottery tickets; two percent on their in-store redemption of winning tickets valued up to \$600; a two percent bonus commission on redeemed winning tickets sold in their stores, valued up to \$100,000; and a flat \$2,000 bonus commission for redeemed prizes over \$100,000 sold in their store. Additionally, retailers received a seven percent sales commission for all \$2 instant games introduced during FY 2001. The Michigan Lottery rewards its retailers with some of the highest-paying commissions in the entire country.

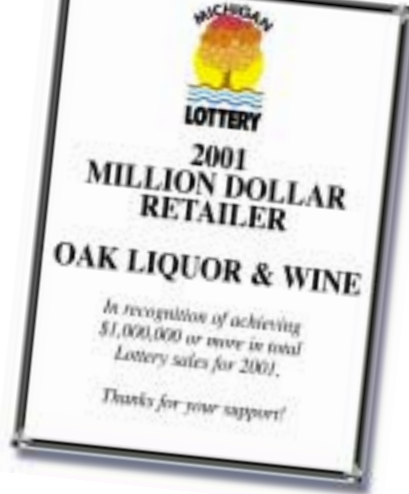


In addition to the commissions the retailers received, the Lottery also offered three different incentive programs in FY 2001. The "\$1,000,000 Jackpot" Sweepstakes offered an extra \$2,000 cashing bonus to the retailers who sold the two \$1,000,000 top prize winning tickets in the "\$1,000,000 Jackpot" instant game. "More Money Mother's Day" allowed retailers the opportunity to win \$300 extra for selling more "Lucky Mom" instant game tickets in FY 2001 than they did in fiscal 2000. Finally, the "Summer Sweeps" incentive program awarded \$500 bonuses to 200 retailers each month during July, August and September for carrying top-selling instant games, displaying point-of-sale materials and for participating in the standing book order program. Over the three month period, the Lottery awarded \$300,000 to 600 retailers!



The Lottery is aware of the challenges retailers face during critical selling periods (i.e., large jackpots, special promotions and holiday sales), and we work diligently to support each and every retailer in these situations by advertising Lottery products via television, radio and through point-of-sale materials.

During FY 2001, 27 Michigan Lottery retailers sold over \$1 million in Lottery tickets in their stores. The following is a list of the retailers who are part of that elite club of million dollar retailers:



- Abbey Wine & Liquor Shop in Southfield
- Action Liquor Shop Inc. in Warren
- Angelos Food Specialities in Benton Harbor
- Barrel & Bottle Party Store in Detroit
- Boulevard Food Center in Detroit
- Cherry Belt Party Store in Inkster
- College Liquor Shoppe in Detroit
- Cox Beer Store in Temperance
- Ellas Grocery in Erie
- Food Farm Market Inc. in Detroit
- Glass Bottle Shoppe in Detroit
- Headquarters Party Store in Detroit
- Kit Kat Market in Detroit
- Livernois McGraw Party Store in Detroit
- Meijer #123 in Southgate
- MGM Food Center in Detroit
- New Northend Market in Oak Park
- New Super Fair Foods in Detroit
- Oak Liquor & Wine in Oak Park
- Paper Palace Bookstore in Hamtramck
- Sax Discount in Taylor
- Seven Star Food Center Inc. in Detroit
- Shoppers Market in Warren
- Shoppers Market Center Line in Center Line
- Smokers Best Buy in Oak Park
- Stop N Shop in Saginaw
- Toma Foods in Dearborn

Retailers are only part of the Lottery's success story though. Without the vendors who produce our tickets, the retailers wouldn't have any products to sell. GTECH and Pollard Banknote produce the Lottery's online and instant game tickets, respectively, and provide terminal maintenance to retailers all across the state. These companies together employ approximately 200 Michigan residents and annually purchase millions of dollars in Michigan goods and services.





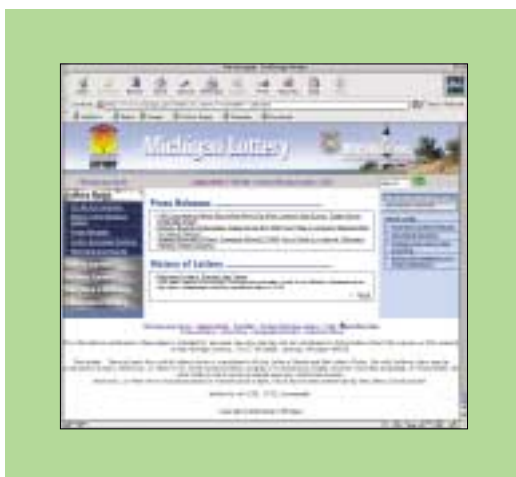
The Michigan Lottery's Web site (www.michigan.gov/lottery) receives, on average, over 10,000 hits per day. The site is very comprehensive, offering players a wide variety of information including:

- *Archive of winning numbers (back to 1984).*
- *"How to play" instructions for all games.*
- *Current news releases on winners.*
- *Information on special promotions and the latest instant games.*
- *Information on how to start a lottery club.*
- *Photographs of recent winners.*
- *Listing of television stations that air Lottery drawings.*
- *Information on how to claim a Lottery prize.*
- *Listing of the Lottery's regional offices and maps to the offices.*
- *Information on validation closing dates for instant games.*
- *Listing of unclaimed top online Lottery prizes.*

During FY 2001, the Lottery added two new features to the Web site. For those players who enjoy the instant games, there is now a listing of top remaining prizes — that is updated weekly — for every instant game currently on sale. Online game players also saw a very helpful addition to the site — detailed drawing information for each online game drawing. When players look up the winning numbers for a particular drawing on the site, they can also view a listing of how many people won in each prize category for that drawing. Additionally, this new area of the Web site lists which retailer(s) sold jackpot and top prize winning tickets.

FY 2001 also marked the first time the Lottery has ever conducted a player survey via the Web site. For a specified period of time, when players logged into the Lottery's Web site they had the opportunity to complete a short survey regarding the Lottery's instant games. The survey presented different instant game concepts and players were asked to rate the games on how well they liked them and then comment as to why they liked them or did not like them. The survey was very helpful to the Lottery's Marketing Department in developing new instant games.

The Web site has been, and will continue to be, a work-in-progress for the Lottery. The frequent changes and updates to the site ensure that it is always as user-friendly and informative for players as possible.



2001 HIGHLIGHTS

- Renewed the seven percent retailer sales commission for all \$2 instant games introduced in FY 2001.
- Implementation of expiration dates on the back of all instant game tickets. Tickets expire 18 months from the date the game goes on sale.
- Addition of top remaining instant game prizes and detailed drawing information to the Lottery's Web site.

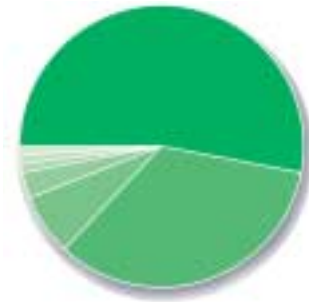


- Michigan Rolldown buy five, get one free "Bonus Play" promotions awarded over 800,000 free wagers to Lottery players.
- Michigan Millions game, which debuted on February 28, 2001, replaced Michigan Lotto game which originally started in 1984.
- Eban Cooper of Redford Township wins \$43 million Big Game jackpot in November 28, 2000 drawing. Cooper chose to receive his winnings in one lump-sum payment of \$22,970,084 (the present cash value of that day's jackpot).
- Linda Calliea of Chesterfield Township wins \$107 million Big Game jackpot in January 30, 2001 drawing. Calliea chose to receive her winnings in one lump-sum payment of \$57,775,399 (the present cash value of that day's jackpot).
- Daily 4 "Front Pair Payout" and "Back Pair Payout" promotions awarded \$10 prizes to players whose \$1 straight bet matched the first two or last two numbers, respectively.
- Lottery's Region 7 office was moved from Redford Township to Dearborn Heights.

- "Harley-Davidson" instant ticket was introduced on April 30, 2001. Top prizes included Harley-Davidson motorcycles and \$50,000 cash prizes.
- Michigan Millions buy five, get one free "Super Play" promotion awarded 1.2 million free wagers to Lottery players.
- 27 Michigan Lottery retailers met or exceeded \$1,000,000 in Lottery ticket sales in FY 2001.
- First Michigan Millions jackpot winner is a lucky lady from Detroit. She won a \$40 million jackpot in the June 16, 2001 drawing. She chose to receive her winnings in one lump-sum payment of \$19,851,592 (the present cash value of that day's jackpot). This jackpot set a new record for largest in-state Michigan Lottery jackpot won by a single ticket holder.



- Lottery Commissioner Don Gilmer was appointed State Budget Director by Governor John Engler. James Kipp was appointed Acting Lottery Commissioner to replace Gilmer.
- The "Summer Sweeps" incentive program rewarded Lottery retailers for carrying top-selling instant game tickets, displaying point-of-sale materials and for participating in the standing book order program. Over a three-month period 600 retailers received \$500 each — for a total of \$300,000!

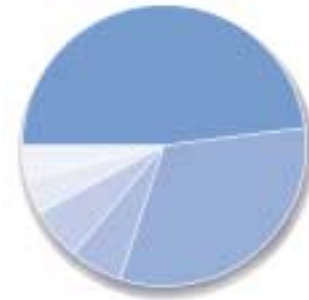


Distribution of revenues actual 2001 Lottery sales and other income \$1.666 billion

Percentages are based on total Lottery sales and other income, less \$44.8 million unrealized gain on investment

■ **NET REVENUE TO EDUCATION: 34%**

- Prizes: **53%**
- Commissions to Retailers: **7%**
- Game-Related Expenses: **3%**
- Advertising: **1%**
- Administration: **1%**
- Other Transfers and Expenses: **1%**



Sources of school aid 2001 estimated budget \$10.6 billion*

■ **LOTTERY: 6%**

- Sales and Use Taxes: **48%**
- Earmarked Income Tax and State Education Property Tax: **32%**
- Federal Funds and Other Sources: **6%**
- Cigarette and Liquor Taxes: **4%**
- Other Taxes: **4%**



Sources of school operating revenue 2001 estimated budget \$17.2 billion*

■ **LOTTERY: 3%**

- Sales and Use Taxes: **29%**
- General Fund and Other State Sources: **32%**
- Local Source Revenues: **29%**
- Federal Funds: **7%**

* House Fiscal Agency Estimate

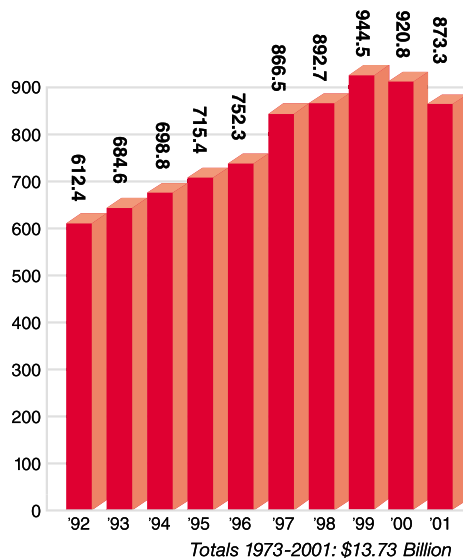
STATEMENT OF REVENUES,
EXPENSES AND TRANSFERS

		(In Thousands)
	<u>2000-2001</u>	<u>1999-2000</u>
REVENUES		
Daily 3 Sales	\$ 404,195	\$ 416,774
Daily 4 Sales	280,640	284,722
Lotto/Michigan Millions Sales	99,996	106,213
Cash 5/Michigan Rolldown Sales	41,102	44,431
Big Game Sales	151,993	188,600
Keno Sales	10,062	10,744
Instant Ticket Sales	626,680	643,267
TOTAL TICKET SALES	\$ 1,614,668	\$ 1,694,751
Charitable Gaming Receipts	\$ 16,757	\$ 13,648
Net Income from Discount Amortization	5,742	4,444
Unrealized Investment Income (Loss)	44,829	(11,978)
Other Income	29,258	36,307
TOTAL REVENUES	\$ 1,711,254	\$ 1,737,172
EXPENSES		
Retailer Commissions	\$ 114,928	\$ 120,377
Administrative Expenses	14,699	14,770
Advertising	16,961	16,995
Game-Related Expenses	41,763	43,064
Charitable Gaming Expenses	7,363	6,629
TOTAL OPERATING EXPENSES	\$ 195,714	\$ 201,835
PRIZES AWARDED	\$ 873,325	\$ 920,800
NET INCOME	\$ 642,215	\$ 614,537
Charitable Gaming Net Income		
Transferred to General Fund	9,393	7,018
Transfer to Dept. of Community Health		
For Gambling Addiction Problems	984	983
Reserved Unrealized Gain on Investments	44,829	(11,978)
NET INCOME TRANSFERRED TO SCHOOL AID FUND	\$ 587,009	\$ 618,514

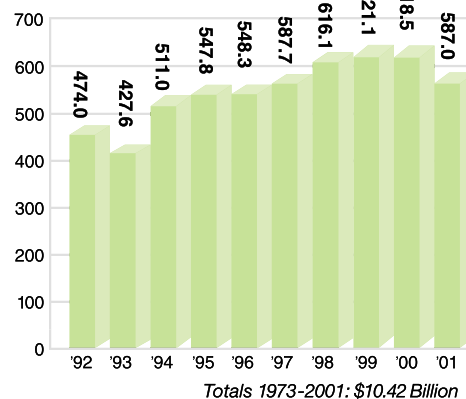




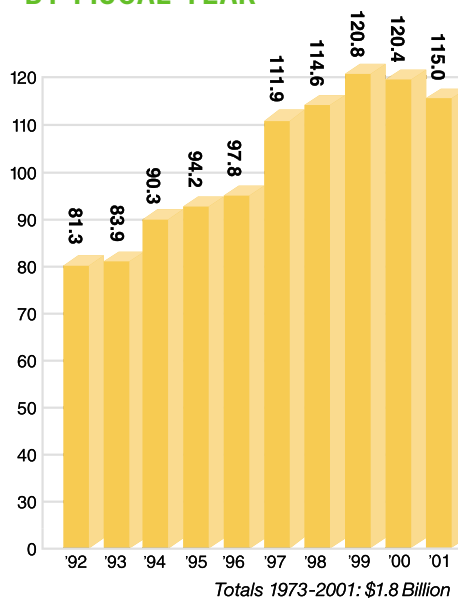
PRIZES WON BY FISCAL YEAR*



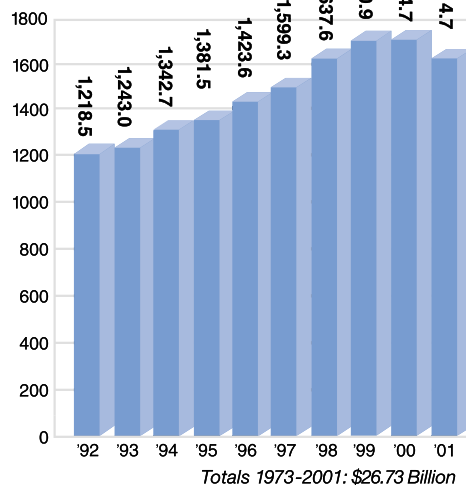
NET REVENUES TO EDUCATION BY FISCAL YEAR*



RETAILER COMMISSIONS BY FISCAL YEAR*



TICKET SALES BY FISCAL YEAR*



* Reported in Millions

SALES BY COUNTY FOR FISCAL YEAR 2001

COUNTY	SALES	PRIZES	COUNTY	SALES	PRIZES
Alcona	\$ 1,808,576	\$ 865,798	Lake	\$ 1,530,951	\$ 905,448
Alger	\$ 734,467	\$ 344,948	Lapeer	\$ 9,074,063	\$ 4,223,323
Allegan	\$ 9,238,865	\$ 4,537,994	Leelanau	\$ 1,254,869	\$ 567,200
Alpena	\$ 6,481,511	\$ 3,279,557	Lenawee	\$ 10,936,040	\$ 5,221,128
Antrim	\$ 1,675,928	\$ 767,865	Livingston	\$ 12,303,178	\$ 5,085,866
Arenac	\$ 2,828,209	\$ 1,338,755	Luce	\$ 759,704	\$ 517,485
Baraga	\$ 541,971	\$ 247,694	Mackinac	\$ 1,301,781	\$ 582,375
Barry	\$ 4,092,508	\$ 1,980,614	Macomb	\$ 170,031,840	\$ 182,977,207
Bay	\$ 17,369,567	\$ 8,546,082	Manistee	\$ 2,825,454	\$ 1,382,581
Benzie	\$ 1,247,640	\$ 581,725	Marquette	\$ 6,473,073	\$ 3,223,812
Berrien	\$ 21,575,275	\$ 10,897,577	Mason	\$ 2,577,622	\$ 1,284,421
Branch	\$ 3,406,000	\$ 1,568,894	Mecosta	\$ 2,850,674	\$ 1,403,712
Calhoun	\$ 23,600,247	\$ 11,730,661	Menominee	\$ 1,827,077	\$ 919,671
Cass	\$ 3,945,066	\$ 1,891,069	Midland	\$ 6,413,125	\$ 3,050,496
Charlevoix	\$ 2,074,132	\$ 923,346	Missaukee	\$ 913,004	\$ 464,186
Cheboygan	\$ 3,312,188	\$ 1,878,705	Monroe	\$ 25,430,062	\$ 10,827,083
Chippewa	\$ 2,026,875	\$ 929,347	Montcalm	\$ 6,670,017	\$ 3,422,365
Clare	\$ 3,998,422	\$ 1,931,660	Montmorency	\$ 2,222,720	\$ 1,083,902
Clinton	\$ 4,884,289	\$ 2,547,521	Muskegon	\$ 24,446,742	\$ 12,031,878
Crawford	\$ 1,966,372	\$ 1,050,909	Newaygo	\$ 4,223,807	\$ 2,148,117
Delta	\$ 3,634,781	\$ 1,796,204	Oakland	\$ 171,019,135	\$ 101,514,023
Dickinson	\$ 2,136,588	\$ 1,062,333	Oceana	\$ 2,038,183	\$ 1,033,601
Eaton	\$ 10,935,760	\$ 5,438,863	Ogemaw	\$ 3,330,489	\$ 1,583,853
Emmet	\$ 2,871,397	\$ 1,309,791	Ontonagon	\$ 845,067	\$ 426,595
Genesee	\$ 90,388,167	\$ 43,142,458	Osceola	\$ 2,154,227	\$ 1,034,192
Gladwin	\$ 3,024,594	\$ 1,458,170	Oscoda	\$ 1,407,363	\$ 688,877
Gogebic	\$ 1,634,824	\$ 808,715	Otsego	\$ 3,247,372	\$ 1,546,031
Grand Traverse	\$ 6,255,095	\$ 2,919,461	Ottawa	\$ 11,260,128	\$ 5,472,390
Gratiot	\$ 3,389,361	\$ 1,907,934	Presque Isle	\$ 2,471,484	\$ 1,237,076
Hillsdale	\$ 4,392,997	\$ 2,108,368	Roscommon	\$ 4,388,759	\$ 2,029,859
Houghton	\$ 2,607,068	\$ 1,324,989	Saginaw	\$ 43,825,370	\$ 21,405,349
Huron	\$ 6,226,748	\$ 3,080,409	St. Clair	\$ 24,550,585	\$ 11,762,248
Ingham	\$ 31,293,218	\$ 48,071,754	St. Joseph	\$ 4,777,602	\$ 2,370,389
Ionia	\$ 5,902,419	\$ 2,975,387	Sanilac	\$ 5,620,216	\$ 2,757,525
Iosco	\$ 4,918,871	\$ 2,362,917	Schoolcraft	\$ 821,639	\$ 390,471
Iron	\$ 1,132,821	\$ 563,228	Shiawassee	\$ 7,356,190	\$ 3,603,309
Isabella	\$ 4,315,055	\$ 2,096,614	Tuscola	\$ 5,597,468	\$ 2,759,351
Jackson	\$ 22,044,064	\$ 10,518,284	Van Buren	\$ 7,597,188	\$ 3,936,554
Kalamazoo	\$ 24,538,660	\$ 11,807,214	Washtenaw	\$ 31,708,559	\$ 14,225,939
Kalkaska	\$ 1,305,483	\$ 636,673	Wayne	\$ 577,998,187	\$ 354,435,598
Kent	\$ 59,864,309	\$ 28,926,452	Wexford	\$ 3,588,588	\$ 1,671,698
Keweenaw	\$ 91,171	\$ 51,459			

COMPULSIVE GAMBLING

Lottery and other games of chance are prevalent in Michigan and worldwide. In Michigan at least 75 percent of our adult residents have purchased a Lottery ticket in the last 12 months.

Fortunately, the vast majority of these Lottery enthusiasts have played responsibly and done so in the spirit the games are intended. However, as with any form of gambling, abuses can and do occur.

At the Michigan Lottery, we believe in offering a fun product at a fair price, all in the name of benefiting a worthy cause. The Lottery is entertaining, it's a game of chance and it's fun. The Lottery is not, and was never intended to be, a stepping stone to success. It's not a good investment, not a retirement plan and was certainly never meant to replace hard work and ambition as a means to a better life.

Because the Lottery understands there are those who may need support in understanding the difference, answers are available. Compulsive gambling can be treated, and help is just a phone call away.

If you would like more information about problem gambling and the programs available, call the Michigan Problem Gambling Helpline at 1-800-270-7117.

In FY 2001, the Michigan Lottery provided \$1 million for compulsive gambling programs including the toll-free Helpline.

REGIONAL OFFICES

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